

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 DEAE-00 CIAE-00 INR-07 IO-13 JUSE-00

NSAE-00 SNM-02 TRSE-00 USIA-06 NSC-05 OES-06 OMB-01

AID-05 /055 W

----- 096998

P 300848Z APR 76

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC PRIORITY 1420

INFO AMEMBASSY BANGKOK PRIORITY

AMCONSUL CHIANG MAI PRIORITY

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BANGKOK FOR DEA

E.O. 11652: N/A

TAGS: SNAR BM

SUBJ: NARCOTICS CONTROL: GUB MOUNTS MAJOR REFINERY ATTACK

1. COL. AUNG HTAY, DIRECTOR DEFENSE SERVICES INTELLIGENCE, BURMA ARMY, CALLED IN EMBOFFS APRIL 29 TO BRIEF THEM ON RECENT BURMA ARMY OPERATION AGAINST MAJOR AI HSIAO-SHIH REFINERY SITE IN SOUTHERN SHAN STATE. USING MAPS AS WELL AS PHOTOGRAPHS TAKEN AFTER THE OPERATION (LATTER WILL BE POUCHED TO S/NM), AUNG HTAY OFFERED THE FOLLOWING:

2. ON APRIL 26, BURMA ARMY FORCES MOVED AGAINST THE REFINERY LOCATED AT LAO LO CHAI, LESS THAN A MILE FROM THE THAI/BURMA BORDER (NC 6151). THE AIR FORCE, "USING A C-47 AS A GUNSHIP/ BOMBER MADE THE FIRST ATTACK WHICH EVIDENTLY PROMPTED THOSE OCCUPY-ING THE SITE TO SET FIRE TO THE REFINERY SHED. AUNG HTAY NOTED THAT FIRE PRODUCED BLUE SMOKE AND SPECULATED SOME CHEMICALS WERE STORED IN THE BUILDING. THE ARMY, USING SEVEN BELL HELICOPTERS SUPPLIED BY THE USG, CLEARED LANDING SITE AND PROCEEDED TO FERRY IN SEVERAL HUNDRED TROOPS FROM THE 49TH BURMA REGIMENT PLUS TWO 81MM MORTAR DETACHMENTS. APPARENTLY A FIRE FIGHT WITH SOME OF THE

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REMAINING DEFENDERS ENSUED; FIVE OF THE ENEMY WERE KILLED WHILE THE

BURMA ARMY LOST TWO DEAD. THERE WERE NO PRISONERS. THE LEADER OF THE REF-

INERY, BELIEVED BY THE BURMESE TO BE AI HSIAO-SHIH'S DEPUTY (AI HSIAO-SHIH HIMSELF IS IN JAIL IN BURMA) AS WELL AS MOST OF HIS TROOPS (AN ESTIMATED 180 MEN) FLED TO THAILAND AT THE BEGINNING OF THE ATTACK. ONE OF THE HELICOPTERS WAS HIT BY A ROUND OF ENEMY FIRE WHICH DAMAGED THE OIL COOLER SYSTEM BUT THE HELICOPTER MADE IT TO SAFETY AND WAS SUBSEQUENTLY REPAIRED.

3. THE MOUNTAIN TOP INSTALLATION CONSISTED OF SEVERAL LARGE PERMANENT BUILDINGS INCLUDING A BARRACKS BIG ENOUGH TO SLEEP 50 MEN, AND VARIOUS SUPPORT FACILITIES. THE REFINERY ITSELF WAS LOCATED IN A VALLEY BENEATH THE LIVING AREA. THE BURMA ARMY FOUND CONSIDERABLE OPIUM REFINING EQUIPMENT AND WEAPONS. THESE INCLUDED ABOUT 50 KILOS OF RAW OPIUM AND FOUR 44 GALLON DRUMS OF "OPIUM SOLUTION" I.E., OPIUM BEING PROCESSED INTO MORPHINE BASE. ALSO FOUND WERE FOUR 20 GALLON DRUMS OF LIME AND 108 FOUR GALLON DRUMS OF AN UNIDENTIFIED CHEMICAL BEARING THE MARKINGS "GROSS 21 KGS, HIGHLY FLAMMABLE, NATAL CANE, SDC. 2095 DBN" AS WELL AS 50 COOKING VATS. AMONG THE WEAPONS LEFT BEHIND BY THE SITE'S DEFENDERS WERE TWO 57MM RECOILLESS RIFLES, 2 BROWNING MACHINE GUNS, 3 CHINESE MADE MACHINE GUNS, 18 CARBINE AND M-1 RIFLES, 4 M-79 GRENADE LAUNCHERS, 100 US MADE HAND GRENADES, 12 CASES OF VARIOUS AMMUNITION, FIVE 3.5 INCH ROCKET LAUNCHERS, SEVENTY 60MM MORTAR SHELLS AND SIX RADIOS.

4. BURMESE ARE UNDERSTANDABLY PROUD ABOUT THIS SUCCESSFUL ATTACK AGAINST A MAJOR TRAFFICKING/REFINING SITE AND IT WAS VISITED APRIL 28 BY GENERAL AYE KO, THE NEW DEPUTY CHIEF OF STAFF (ARMY). TO PUBLICIZE THEIR SUCCESS AND TO SHOW THE GUB'S COMMITMENT TO THE ANTI-NARCOTICS EFFORT, ARMY IS FERRYING ALL FOREIGN MILITARY ATTACHES IN RANGOON TO LAO LO CHAI APRIL 30. AS TO FOLLOW UP ACTION, COL. AUNG HTAY INDICATED THAT ARMY WILL KEEP ITS FORCES IN THE BORDER REGION TO SEARCH OUT OTHER REFINERY SITES.

5. COMMENT: IT IS INTERESTING TO NOTE THAT BURMA ARMY WAS ABLE TO MOUNT THIS OPERATION WHILE AT THE SAME TIME CARRYING OUT ATTACKS AGAINST TRAFFICKERS IN NORTHERN SHAN STATE AS WELL AS FIGHTING THE BCP. INTERESTING TOO IS THE FACT IT WAS WILLING TO MOVE SO LIMITED OFFICIAL USE

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CLOSE TO THE THAI BORDER WHICH, OF COURSE, IS WHERE MOST OF THE REFINERIES ARE LOCATED. GUB MAY HAVE OVERCOME ITS TRADITIONAL SENSITIVITIES ABOUT MOUNTING MILITARY OPERATIONS CLOSE TO A NEIGHBORING COUNTRY.

6. AS TO IMPACT ON NARCOTICS TRADE, LOSS OF THIS IMPORTANT SITE SHOULD HAVE SIGNIFICANT IF TEMPORARY EFFECT ON THE AI HSIAO-SHIH ORGANIZATION, WHICH MAY NOW SUSPECT THAT AI HSIAO-SHIH HIMSELF

GAVE THE GUB THE REFINERY LOCATION. IT WILL NO DOUBT CAUSE OTHER
REFINERY OPERATORS IN THE AREA TO HALT PROCESSING AND SEEK HAVEN

IN THAILAND UNTIL THE BURMA CEASES OPERATIONS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DRUG TRAFFIC, COMBAT OPERATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 APR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MartinML
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976RANGOO01421
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760164-0778
From: RANGOON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976042/aaaaabnb.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 21 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2004 by CunninFX>; APPROVED <15 SEP 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NARCOTICS CONTROL: GUB MOUNTS MAJOR REFINERY ATTACK
TAGS: SNAR, BM
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006